PROVINCIAL AUDITOR
of Saskatchewan

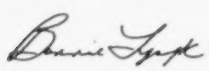
January 17, 2013

The Honourable Dan D'Autremont
Speaker of the Legislative Assembly
Room 129, Legislative Building
Regina, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my Business and Financial Plan for the Year Ended March 31, 2014, to be laid before the Legislative Assembly in accordance with the provisions of Section 14.1 of *The Provincial Auditor Act*.

Respectfully submitted,



Bonnie Lysyk, MBA, CA
Provincial Auditor

/dd

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Reflections of the Provincial Auditor

Reflections of the Provincial Auditor

The Legislative Assembly sets out the accountability process for my Office in *The Provincial Auditor Act*. The process requires the Provincial Auditor to submit two key reports to the Assembly each year:

- An annual business and financial plan. This plan must include the Office's planned operations and its planned revenues and expenses for the upcoming year.
- An annual report on operations. This report must include a summary of the Office's operations and audited financial statements for the preceding year.

As required by law, I present this Business and Financial Plan directly to the Legislative Assembly. This gives Members of the Assembly time to review our plans before I appear before the Standing Committee on Public Accounts. It also allows Members the opportunity to advise the Committee on the relevance of our planned work.

Members may find our most recent Annual Report on Operations useful in their review of this Business and Financial Plan (the Plan). The Annual Report of Operations for the Year Ended March 31, 2012 was tabled in the Legislative Assembly on July 18, 2012. A copy of this report is available on our website. This report describes our performance in achieving the goals and objectives set out in our 2012 Business and Financial Plan. Members should find this information helpful in assessing our effectiveness.

This year's Business and Financial Plan includes my 2013-2014 funding request, a brief description about my Office (i.e., context), our annual work plan for 2013-2014 (i.e., what we do), the costs of this plan (i.e., audited financial forecast), and various other supporting reports and schedules. For example, the Plan includes a schedule of actual and planned costs to audit government agencies. Because salaries and benefits account for 80% of our spending, this Plan includes details on salary costs and on actual and planned use of staff time over five years. As well, a copy of our 2012-2017 Strategic Plan is included in this document.

We prepared this Business and Financial Plan using sound reporting practices. We based our practices on the Public Sector Accounting Board's *Statement of Recommended Practice (SORP-2) Public Performance Reporting* published by The Canadian Institute of Chartered Accountants in 2006.

Respectfully submitted,

Bonnie Lysyk, MBA, CA
Provincial Auditor

1.0 2013-2014 Funding Request

1.1 Financial Request

Our Office asks the Standing Committee on Public Accounts to recommend to the Legislative Assembly an appropriation for the operation of the Office of $7.937 million for 2013-14 and a contingency appropriation of $520 thousand for unforeseen expenses. These appropriations will enable our Office to fulfill the statutory duties under *The Provincial Auditor Act*.

As required by *The Provincial Auditor Act*, we present our estimates, supported by our business and financial plan, to the Standing Committee on Public Accounts. On pages 8 and 9, we set out the estimates for 2013-14 in the format the Legislative Assembly expects. These estimates include an amount for unforeseen expenses as expected by the Act.

1.2 Appropriation

Our 2014 funding request reflects an increase of $121,000 (1.55%) over our 2013 approved appropriation represented as follows:

impact of co-hosting the CCPAC/CCOLA national conference	$53,000
increased employer disability plan premiums	$37,000
increased CPP and EI employer premiums	$ 7,000
impact of new government agencies	$24,000

In making this request, our Office has recognized the current fiscal constraints the Government faces. For 2014, the key external factors affecting the costs of our Office include co-hosting the Canadian Council of Public Accounts Committees (CCPAC)/Canadian Council of Legislative Auditors' (CCOLA) national conference, the increased premium rate for the public sector disability income plan, increased CPP and EI employer premiums, the number of government agencies, and continuing changes in accounting and auditing standards.

In August 2013, we will co-host the CCPAC/CCOLA national conference. Co-hosting this conference with the Legislative Assembly increases our costs by $53,000. These costs are one-time and will not be included in our request for 2015.

The employer portion of the premiums for the Disability Income Plan increased from 1.051% to 1.792% effective April 1, 2012. This increases our employee benefit costs by $37,000.

The premium rates for CPP and EI increased effective January 1, 2013. This increases our employee benefit costs by an additional $7,000.

As *The Provincial Auditor Act* requires us to audit all government agencies, the Government's creation and wind-up of agencies can impact our total costs. We have increased our request by $24,000 to take into account agencies created and wound-up since our last business and financial plan. (See page 42 for further details of government agencies created and wound up in 2012-13.)

The job market for professional auditors and auditors training to become professionals remains strong. To maintain our ability to recruit and retain employees, our Office must offer reasonable salaries and benefits based on market conditions within both the public and private sectors. We will manage this, this year, within our current budget.

This plan does not contain an estimate of the general salary and benefit increase that the Government may give to public servants for 2013-14. As this amount has not been confirmed as of the date of finalizing this business plan, should the Government provide an increase, we will provide a similar increase to our employees by drawing on the contingency fund.

Significant changes in Canadian accounting and auditing standards continue. For example, the Canadian Audit and Assurance Standards Board has adopted international auditing standards for financial statement audits and is re-examining other assurance standards. The Public Sector Accounting Standards Board is allowing certain types of government agencies to adopt international financial reporting standards (IFRS) and expects to introduce additional accounting standards. These changes result in changes in audit methodology and additional audit work effort for all auditors including our Office. For our 2014 funding request, we plan to find further audit efficiencies so that we can absorb the cost of additional work resulting from continuing changes in accounting and auditing standards.

We note that the strong job market and changes to accounting and auditing standards have caused increases in the fees of appointed auditors. Overall, audit fees paid to appointed auditors in the public sector have increased by 1.5% from 2011 to 2012. The fees paid to appointed auditors by six significant Crown agencies increased by 6% from 2011 to 2012. Furthermore, these Crown agencies have approved appointed auditor fee increases of about 3% for 2013.

1.3 Contingency Appropriation

The Legislature amended *The Provincial Auditor Act* in June 2001. The amended Act changed how we finance our operations. Up to 2001, we maintained net financial assets equal to approximately one month's salary and benefit expenses. We used this money to respond to costs of unplanned work, pressure to improve the timeliness of our work, and unplanned salary and benefit increases. This practice enhanced our independence by providing the resources necessary to manage effectively unforeseen circumstances.

The amended Act requires the Provincial Auditor to return all unspent money at the end of the year to the General Revenue Fund. This practice is known as "lapsing appropriations." To enable the Provincial Auditor to retain the independence to manage effectively, the Standing Committee on Public Accounts recommended that the amended Act provide for the Provincial Auditor to obtain an extra appropriation each year. The amended Act provides for a contingency appropriation for unforeseen expenses.

Our funding request includes a contingency appropriation of $520,000. This contingency appropriation approximates our previous net financial asset target of one month's salary and benefits.

1.4 Independent Assurance on Our Funding Request

This business and financial plan includes our audited financial forecast. The financial forecast reflects our funding request. The external auditor reports that our financial forecast is consistent with and reasonable in relation to our operating plan (i.e., our goals and objectives). (See page 24 for the auditor's report.)

Our Office has provided the Committee with an audited financial forecast for the last fifteen years. We provide an audited financial forecast in response to the 1999 request of the Board of Internal Economy to provide it with independent advice to help it assess our requests for resources.

1.5 Factors Affecting Our Work Plan

Our work plan for 2014 enables us to fulfill our duties under *The Provincial Auditor Act*. The Act sets out the government agencies we must examine.

We use a risk-based model to set priorities and allocate resources for our work plan. The model uses criteria to guide us in assessing the impact of each audit on our overall ability to serve the Legislative Assembly.

The key external factors affecting our costs for 2014 are discussed on pages 4 and 5.

We set out our detailed work plan for 2014 on pages 30 to 34. It shows the costs to audit and report on government agencies for our fiscal year ended March 31, 2014 and comparative information. The work plan reflects our goals and objectives. It also reflects known information (at November 30, 2012) about the following factors:

- the 2013 level of government revenues and spending
- the number of government agencies in 2013
- the quality of and changes in the Government's records, systems, practices, and personnel
- the Government's use of appointed auditors
- professional standards
- the co-operation we expect to receive from government officials and appointed auditors when we do our work
- the public's expectations

At November 30, 2012, the Government manages 270 agencies. Many of these agencies use appointed auditors.

It is the Government's decision to use appointed auditors. The Government has stated that it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise. The Government is accountable for the costs of using appointed auditors and, therefore, our financial plan does not reflect these costs. However, our detailed work plans reflect the known use of appointed auditors because it affects our costs and the way we carry out our work. The use of appointed auditors reduces our costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors. Page 49 sets out the total costs to audit government agencies for the last five years.

When the Government appoints a second auditor, we follow the recommendations of the *Task Force on Roles, Responsibilities, and Duties of Auditors* (the document is available on our website). Following these recommendations will ensure that we serve the Assembly efficiently.

1.6 Forces and Trends Affecting Our Work Plan

Forces and trends also affect our work plans. We identified twelve major external forces and trends that affect our stakeholders (i.e., legislators, the public, and government officials). They also shape our work. For more details, please refer to our external forces and trends listed on pages 53 to 56.

1.7 Our Focus

We plan to focus our efforts on helping our stakeholders address the challenges emerging from these forces and trends as well as several more specific issues. In particular, we will encourage the Government to address the following challenges:

- report on how it manages the risks related to advancing technology, changing demographics, economic constraints, globalization, sustainability and protecting the environment
- improve its management of risks for effective service delivery related to public sector human resources, the environment, and infrastructure including information technology
- improve long-term capital and operating planning processes
- improve governance processes for better management of public resources
- strengthen its management of complex accountability relationships with non-government organizations (e.g., service agreements with community-based organizations, public-private partnerships, financing structures)
- strengthen its management of and accountability for intergovernmental and interagency programs
- strengthen its management of key regulatory processes and operations
- improve the quality of information provided to legislators on the plans and results of the overall Government and each of its agencies including Crown corporations

1.8 Impact of Alternative Funding Levels

If we do not obtain sufficient revenue from the Standing Committee on Public Accounts, we will not be able to carry out our work plan.

Also, as previously noted, we use a risk-based model to set our work plan. Our model reflects that we must provide assurance on the Government's summary financial statements along with assurance on the adequacy of the Government's management of public resources, and compliance with the law. If we are unable to obtain sufficient revenue, we would provide less service by not auditing certain agencies in the following sequence:

- revolving and other special purpose funds
- agricultural marketing boards and funds
- certain CIC related Crown corporations
- certain school divisions

When we do not examine Government agencies, the Assembly does not receive our assurances on the Government's financial statements, its compliance with governing authorities, and the adequacy of its management of public resources.

If necessary, we will report to the Legislative Assembly which Government agencies we were unable to audit. When this is necessary, we are concerned with the impact this message has on public confidence in our system of Government.

1.9 Provincial Auditor's Estimates

Provincial Auditor

Vote 28

The Office serves the people of Saskatchewan through the Legislative Assembly. The Office encourages accountability and effective management in government operations through its independent examinations, advice, and reports on the management of public resources entrusted to government.

Summary of Appropriation and Expense
(thousands of dollars)

	Estimated 2013-14	Estimated 2012-13
Provincial Auditor	7,937	7,816
Unforeseen Expenses	520	516
Appropriation	8,457	8,332
Capital Asset Acquisitions	-	-
Capital Asset Amortization	-	-
Expense	8,457	8,332

Vote 28 – Continued
(thousands of dollars)

	Estimated 2013-14	Estimated 2012-13

Provincial Auditor (PA01)

Provides for the audits of the administration of programs and activities of government ministries, health and education institutions, commissions, boards, and Crown corporations and for reporting the results of all audits annually to the Legislative Assembly and the public. It also provides assistance to the Standing Committees on Public Accounts and Crown and Central Agencies in their review of the Provincial Auditor's Report, the Public Accounts, and other reports.

Allocations		
Provincial Auditor Operations	7,728	7,604
Provincial Auditor's Salary (Statutory)	209	212

Classification by Type	2013-14	2012-13		
Salaries	5,316	5,303		
Goods and Services	2,621	2,513		
			7,937	7,816

This subvote includes "Statutory" amounts. The amount "To Be Voted" is $7,728K.

Unforeseen Expenses (PA02)

Provides for unforeseen expenses pursuant to Section 10.1 of *The Provincial Auditor Act*.

Classification by Type	2013-14	2012-13		
Salaries	520	516		
			520	516

2.0 About the Office of the Provincial Auditor

2.1 Our Independence

The Provincial Auditor Act creates an independent Officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility to audit all government agencies and report the results of the audits to the Legislative Assembly.

The Act ensures that the Provincial Auditor is independent from elected and appointed officials including the Assembly's committees and boards. The Standing Committee on Public Accounts, an all-party committee that does not include cabinet ministers, unanimously recommends the Provincial Auditor for appointment by the Legislative Assembly for a 10-year term. The Act sets the Provincial Auditor's salary and benefits. A resolution of the Legislative Assembly is required to remove the Provincial Auditor from office. The Standing Committee on Public Accounts recommends the amount of resources for the Provincial Auditor's Office. The Act gives the Provincial Auditor the authority to decide which employees to hire, what audit work needs to be done, and how the work is carried out. Also, the Provincial Auditor, through Office policies, requires all employees to confirm annually whether they have any relationships with the Government that could be perceived to affect their independence and objectivity.

2.2 Who We Serve

The Office of the Provincial Auditor helps the Legislative Assembly hold the Government accountable for how it manages public resources. Our Office examines the Government's management of public resources and reports its findings to the Assembly.

2.3 What We Do

Our Vision

A valued and independent legislative audit office, inspiring and advancing excellence in public sector performance, accountability, and sustainability.

We Envision

A transparent and accountable government delivering effective programs that meet the needs of the people of Saskatchewan.

Our Mission

To serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance, and effective use of public resources.

Values

We are committed to earning the respect and confidence of our stakeholders and professional colleagues. We hold ourselves individually and collectively accountable in upholding the vision, mission, and values of the Office of the Provincial Auditor.

Independence – We maintain our objectivity in all of our work.

Innovation and Excellence – We challenge the status quo and strive for excellence to achieve positive results.

Trust and Integrity – We are professional, honest, courteous, and fair.

Leadership – We lead by example and encourage open communication and teamwork.

Relevance – We make a difference, serving as a catalyst for effectiveness and accountability in the public sector.

Balance – We support harmony between work, personal life, and community involvement as we strive to balance personal and professional goals.

Learning – We promote and foster a creative culture that stimulates personal and professional growth.

Diversity – We believe our strength rises from the diversity of our experience, knowledge and cultural backgrounds.

Accountability – We actively take responsibility for achieving positive results and for explaining our performance.

How We Carry Out Our Mission

To fulfill our mission, we provide independent assurance (audit reports) and advice on the Government's management of and accountability practices for the public resources entrusted to it. We support and adhere to the accounting and assurance standards published by The Canadian Institute of Chartered Accountants. In particular, we provide the following services:

- We advise the Legislative Assembly on:
  - the reliability of the Government's public performance reports
  - the Government's compliance with legislative authorities
  - the adequacy of the Government's management of public resources
- We encourage discussion and debate about public sector management and accountability issues
- We assist the Standing Committees on Public Accounts and Crown and Central Agencies
- We develop professionals for public service

Our Reports

We report our assurance and advice to the Assembly and the Government. At the end of each audit, we report our assurance and advice to government officials. We provide assurance by way of reports on financial statements, compliance with authorities, and the adequacy of management systems and practices. We provide advice and assurance by way of letters to management setting out our conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our reports to the Assembly. These reports summarize our work at government agencies. They provide assurance and advice on the whole Government, sectors of the Government, and on each government agency's: financial statements, compliance with authorities, and the adequacy of its management systems and practices.

We decide what matters to report in the context of the following questions:

- Does the matter affect the Assembly's ability to control the financial activities of the Government?

- Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- Does the matter involve improving how the Government administers public money?
- Does the matter involve non-compliance with legislative authorities?

When an agency's financial statements, compliance with authorities, and processes to safeguard public resources are satisfactory, we also report that information to the Government and to the Legislative Assembly.

Our Key Outputs and Expected Outcomes

Exhibit 1 shows the outputs and expected outcomes of our work. We have three primary outputs. These are assurance (audit reports), advice (recommendations), and trained professionals for public service.

As shown in Exhibit 1, our assurance and advice result in two final outcomes. These outcomes are improved public confidence in the Government and improved performance in the delivery of government programs.

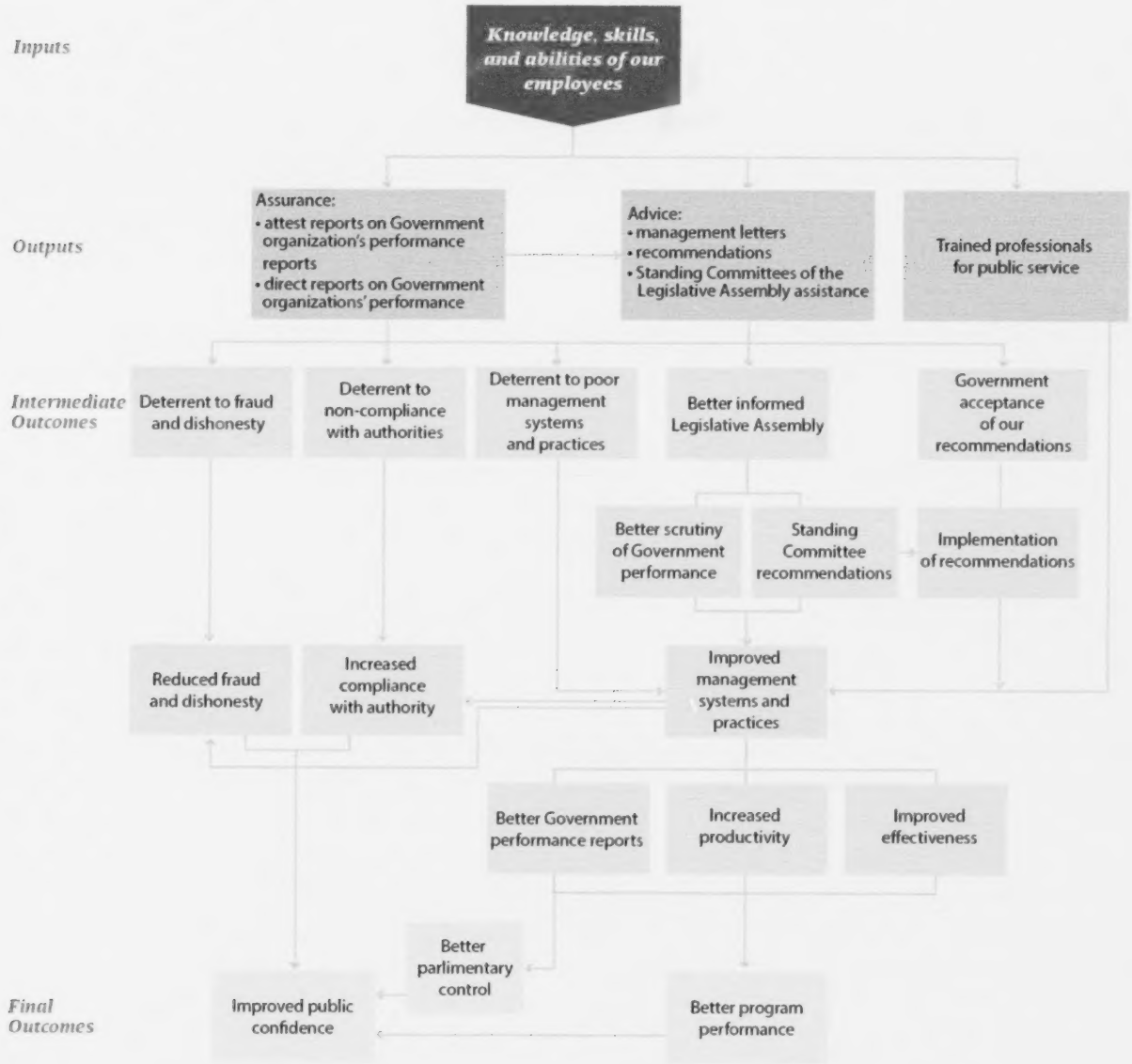
For our parliamentary system of government to work properly, the system must enjoy public confidence. To merit this confidence, government programs must be effective and the Government must be open and accountable.

Our work and reports directly affect public confidence in the Government. They provide the public with confidence that the Government's public performance reports are reliable, it uses adequate processes to safeguard public resources, and it has complied with governing authorities.

One important responsibility of the Legislative Assembly is to hold the Government accountable for its management of public resources. By providing relevant, reliable, and timely reports, we help the Assembly to carry out this responsibility.

Our work and reports call for public accountability for government operations and sound management. They contribute to informed decision making in government and business-like processes. In turn, this helps the Government carry out its responsibility to use sound management practices.

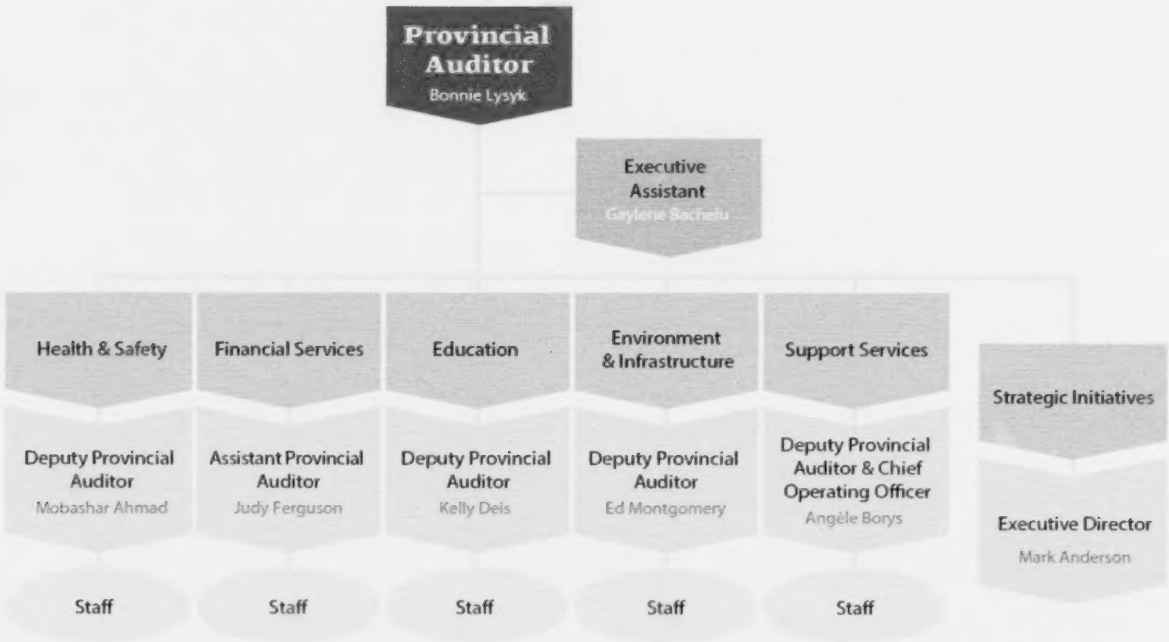
Exhibit 1—What We Do and The Impact of Our Work



2.4 Our Organization

Our planned organization for 2013-14:

Exhibit 2



Our Health & Safety Division's responsibilities include examining the Government's programs related to health (including regional health authorities), justice, workplace safety, social services (including child and family services, social assistance, and housing), the Workers' Compensation Board, SaskEnergy, and a number of other government organizations. For 2011-12, health and social services accounted for 50% of the expenses of the general revenue fund. Auditing the delivery of health care, safety, and social services requires our staff to understand risks associated with these programs.

Our Financial Services Division's responsibilities include leading the audit of the Summary Financial Statements for Saskatchewan. This Division is also responsible for our audits of the Crown Investments Corporation of Saskatchewan, pension plans, insurance, gaming, and a number of other government organizations including the General Revenue Fund.

Our Education Division's responsibilities include examining the Government's education and training programs, SaskTel and a number of other government organizations. The education sector covers early childhood development, pre-kindergarten to grade 12 education, technical training, post-secondary education (including the audits of the University of Saskatchewan, University of Regina, and SIAST).

Our Environment and Infrastructure Division's responsibilities include examining the Government's programs related to the environment, economy, SaskPower, physical infrastructure (including highways and watersheds) and a number of other government organizations. This Division is also responsible for our government-wide information technology audits.

Our Strategic Initiatives portfolio's work includes cross-government audits and special projects including governance reviews.

Our Support Services Division's responsibilities include human resources, performance reporting, training, information technology, and administration.

During 2014, our Office expects to employ 60 people (2013 – 60). At December 31, 2012, 34 of our employees are professional accountants and 13 are training to become professional accountants.

Our employees are our most valuable resource because "what we do" depends on their knowledge and skills. Creating and maintaining an environment that encourages ongoing learning is crucial to our success.

2.5 Our Competencies

Our knowledge, skills, and abilities affect what we do for the public, the Legislative Assembly, and the Government. We apply the following special competencies and experience to our work and reports:

- objectivity, because of our full independence from the Executive Government (i.e., ministries, crown corporations, boards, commissions, funds)
- thorough knowledge of the:
  - complex structure and systems the Government uses to manage public resources
  - structure of legislative authorities governing the activities of government agencies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
  - audit of information technology systems
  - accounting and assurance standards published by The Canadian Institute of Chartered Accountants
- working knowledge of the issues facing government agencies operating in diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gaming, transportation, renewable resources, non-renewable resources, human resources, construction, and financial services
- a business view derived from rigorous professional training that we blend with our practical knowledge of public administration

2.6 Risk Management

Sound risk management is essential for us to help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce possible adverse consequences the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established processes to reduce to an acceptable level the likelihood that our risks will have adverse consequences on our ability to carry out our duties under *The Provincial Auditor Act*. We accept some degree of risk because it is not cost effective to eliminate all risks.

Each year, we include our auditor's report on our systems and practices in our annual report on operations. In our 2012 Annual Report on Operations, our external auditor reported that our Office had adequate processes to safeguard public resources entrusted to it by the Assembly. We have not made significant changes to our systems and practices since that audit.

The following are our key risks:

Our stakeholders do not support our goals and objectives. For the Office to remain viable, legislators, the public, and government officials (our stakeholders) should support our goals and objectives. Pursuing our goals and objectives must result in relevant assurance (audit reports) and advice for our stakeholders. We have established processes so that we set goals and objectives that will result in relevant assurance and advice for our stakeholders.

Government does not act on our recommendations. Doing independent, reliable, and relevant work at a reasonable cost is vital to our Office's success. These attributes are also essential for our stakeholders to value our advice. We must understand the challenges that the Government faces. Also, our advice must help improve program performance. We have established processes so that our assurance and advice is independent, relevant, reliable, and cost effective.

The Standing Committees on Public Accounts and Crown and Central Agencies do not fulfill their responsibilities. Our Office must provide assurance and advice that is consistent with the Committees' objectives.

The Standing Committee on Public Accounts is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Committee's mandate is to help the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and its stewardship over public resources. The Committee reviews and evaluates the activities of government ministries and Crown agencies. The Committee works with the Provincial Auditor to carry out the Committee's mandate.

The Standing Committee on Crown and Central Agencies helps the Legislative Assembly hold the Government accountable for its management of public resources. The Committee considers matters relating to the Crown Investments Corporation of Saskatchewan and its subsidiaries, supply and services, central agencies, liquor, gaming, and all other revenue related agencies and entities. Since 2001, the Assembly has referred the parts of our reports that relate to the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries to the Committee for review. During those reviews, the Committee works with the Provincial Auditor to carry out the Committee's mandate.

We have established processes to provide independent, relevant, and reliable information that is consistent with the Committees' objectives.

We do not have the required competencies and resources to deliver our products and services. The quality of our work is dependent on the knowledge, skills, and abilities of our employees.

We have established hiring processes and training programs to ensure we acquire and maintain the competencies discussed on page 17.

To discharge our statutory duties, we need sufficient resources to employ the required competent people. We also need sufficient resources to equip, support, and house our employees. We need the support of legislators to obtain the required resources. To gain this support, we have established processes to ensure that our work is relevant to legislators and reliable. Also, we publish a business and financial plan and an annual report on operations to build legislators' support for our request for resources.

We do not manage our resources effectively. Our management practices must promote the effective use of our resources. We have established processes to keep the risk of not doing so at a minimum. Our major input cost to provide our services is salaries and benefits. Salaries and benefits account for 80% of our spending. We carefully monitor the use of staff time. Page 37 shows the actual and planned use of staff time for five years.

We do not understand or respond to the challenges faced by our stakeholders. If our assurance and advice is to be reliable, we must understand the challenges and risks faced by the Government. How the Government manages its risks affects the nature and extent of work we must do to report to the Assembly.

We must also understand the challenges and risks faced by legislators and the public if our assurance and advice is to be relevant. To be relevant, our assurance and advice should result in better parliamentary control over government activities and better program performance. We have established processes to set goals and objectives that enable us to understand the challenges and risks faced by our stakeholders.

We lose or are perceived to lose our independence. *The Provincial Auditor Act* makes our Office responsible to examine all public resources managed by the Government and the Legislative Assembly (e.g., Board of Internal Economy). The Act makes our Office independent of appointed and elected officials so that we can administer the Act without the risk of intimidation.

We carefully guard our independence and report to the Assembly when we are concerned about our independence. Also, we have established processes to maintain objectivity and independence in our work for the Legislative Assembly.

We provide inappropriate, incorrect assurance and advice. Stakeholders must trust and value our assurance (audit reports) and advice. Gaining and keeping their trust is essential for the viability of the Office. We have established processes to ensure that our work is reliable.

3.0 Annual Work Plan for 2013-2014 and Supporting Schedules

3.1 Glossary

Estimate

Future-oriented financial information prepared using actual results where available and assumptions all of which reflect the entity's planned course of action for the period covered given management's judgement as to the most probable set of economic conditions.

Forecast

Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions (CICA Handbook).

Projection

Future-oriented financial information prepared using assumptions that reflect the entity's planned courses of action for the period given management's judgement as to the most probable set of economic conditions, together with one or more hypotheses that are assumptions which are consistent with the purpose of the information but are not necessarily the most probable in management's judgement (CICA Handbook).

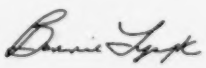
3.2 Audited Financial Forecast

Management's Responsibility for the Financial Forecast

The accompanying financial forecast consisting of a Statement of Revenue and Expense included in the Business and Financial Plan for the Office of the Provincial Auditor for the year ending March 31, 2014 is the responsibility of management of the Office. Management has prepared the financial forecast in accordance with generally accepted accounting principles in Canada. The financial information presented elsewhere in this Business and Financial Plan is consistent with that in the financial forecast.

To ensure the integrity and objectivity of the financial data, management maintains an appropriate code of conduct, a comprehensive system of internal controls including written policies and procedures, and an organizational structure that segregates duties. These measures provide reasonable assurance that the most probable set of economic conditions are reflected in the assumptions the Office developed to prepare the financial forecast. These measures also provide reasonable assurance that the assumptions are suitably supported and consistent with the goals and plans developed by the Office, and provide a reasonable basis for the forecast.

The financial forecast was audited by Virtus Group LLP. Their report to the Standing Committee on Public Accounts stating the scope of their examination and opinion on the financial forecast appears on page 24.



January 10, 2013
Regina, Saskatchewan

Bonnie Lysyk, MBA, CA
Provincial Auditor

Auditors' Report on Financial Forecast

To the Standing Committee on Public Accounts:

The accompanying financial forecast of the Office of the Provincial Auditor consisting of a Statement of Revenue and Expense for the year ending March 31, 2014 has been prepared by management using assumptions with an effective date of November 30, 2012. We have examined the support provided by management for the assumptions, and the preparation and presentation of this forecast. Our examination was made in accordance with the applicable Auditing Guideline published by The Canadian Institute of Chartered Accountants. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the Office, and provide a reasonable basis for the forecast
- this forecast reflects such assumptions
- the financial forecast complies with the presentation and disclosure standards for forecasts published by The Canadian Institute of Chartered Accountants

Since this forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material. Accordingly, we express no opinion as to whether this forecast will be achieved.

Virtus Group LLP

Chartered Accountants

January 10, 2013
Regina, Saskatchewan

STATEMENT OF REVENUE AND EXPENSE

For the Years Ended March 31
(thousands of dollars)

	2011 Actual	2012 Actual	2013 Estimate	2014 Forecast (Note 4)	2015 Projection
Revenue:					
General Revenue Fund					
- Current Year's Appropriation	$ 7,525	$ 7,620	$ 7,814	$ 7,937	$ 7,884
- Contingency Appropriation (Note 8)	503	514	516	520	520
Other	8	6	5	6	6
Total Revenue	**8,036**	**8,140**	**8,335**	**8,463**	**8,410**
Expense:					
Salaries (Note 4)	4,936	4,899	5,247	5,316	5,316
Employee benefits	803	833	934	932	932
Facilities and equipment	598	614	732	706	706
Administration	402	422	429	436	426
Agent and advisory services (Note 5)	453	486	323	374	331
Training and development	173	158	155	175	175
Total operating expense (Note 6)	**7,365**	**7,412**	**7,820**	**7,939**	**7,886**
Transfer to GRF (Note 7)					
- Return of unused Appropriation	662	707	528	520	520
- Other	8	6	5	6	6
Total transfer to GRF	**670**	**713**	**533**	**526**	**526**
Total expense	8,035	8,125	8,353	8,465	8,412
Annual surplus (deficit)	**1**	**15**	**(18)**	**(2)**	**(2)**
Accumulated surplus, beginning of year	207	208	223	205	203
Accumulated surplus, end of year	**$ 208**	**$ 223**	**$ 205**	**$ 203**	**$ 201**

(see accompanying notes on pages 26 to 29)

Notes to the Statement of Revenue and Expense
For the Year Ended March 31, 2014

1. General Information

The financial information presented covers five years. The information for 2011 and 2012 comes from the Office's audited financial statements included in the Office's annual reports on operations for those years. Virtus Group LLP audited the Office's 2011 and 2012 financial statements. The information for the 2013 estimate and the 2015 projection is not audited.

2. Summary of Accounting Policies

The Office used accounting principles published by The Canadian Institute of Chartered Accountants to prepare this financial information. The Office considers the following accounting policies to be significant:

a) Revenue

The Office records the appropriation from the General Revenue Fund when it is receivable.

Other revenue is recognized on the basis of the percentage of work completed for those government agencies that have signed contracts to pay fees or have otherwise agreed to pay fees. Bank interest is recorded when earned.

b) Tangible Capital Assets

Tangible capital assets are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Computer hardware	3 years
Computer	3 years
Furniture (desks, file cabinets)	10 years
Other furniture	5 years
Other equipment	3 years

3. Financial Information is a Forecast

The financial information presented for 2014 is a forecast, and accordingly actual results will vary and the variations may be material. The Office will report actual results compared to planned results for 2013 and 2014 in the Office's 2013 and 2014 Annual Reports on Operations. The Office provides its annual report on operations to the Legislative Assembly.

4. Assumptions

The Office prepared the financial information for the year ended March 31, 2014 using the significant assumptions set out below. The assumptions reflect the Office's planned course of action for this period as set out on pages 59 to 68. The Office based the assumptions on management's judgement of the most probable set of economic conditions for this period based on known information at November 30, 2012. The significant assumptions are:

Appropriation is the amount of money the Office needs from the General Revenue Fund to finance operations. The Office returns any amounts not required during the year to the General Revenue Fund at year-end.

Contingency Appropriation is the amount of money from the General Revenue Fund required for unforeseen expenses. The Office returns any amounts not required during the year to the General Revenue Fund at year-end.

Other includes fees charged to agencies for ancillary services and other income. The Office does not keep fees and other income, it gives all receipts to the General Revenue Fund.

Salaries are based on 60 full-time equivalents at an average salary cost of $88,600 (see page 36).

Average salary cost is determined using best estimates of expected pay for current and new employees based on past trends and expected economic conditions.

Employee benefits include the costs of the following benefits: Canada pension plan, employment insurance, workers' compensation, public employees pension plan, public employees dental plan, public employees disability income plan, public employees group life plan, extended health plan, maternity/paternity top-up plan, and a flexible benefit plan. The costs reflect current rates charged for these benefits.

Administration reflects management's best estimates based on past trends and current economic conditions for costs such as: travel to audits, professional fees and dues, telephone, printing, and office supplies.

Facilities and equipment reflects management's best estimates based on past trends and current economic conditions for costs such as: amortization of tangible capital assets and computer hardware and software maintenance. It also includes rent for office space based on a ten-year lease effective April 1, 2012.

Agent and advisory services represents management's best estimates for legal costs, the cost of auditing the Office, and other contractual services. It includes costs for staff assistance of two full-time equivalents.

Training and development costs are the estimated out-of-pocket costs to train staff to become professional accountants, keep the knowledge and skills of current professional accountants up-to-date, and gain knowledge in specialized areas. The Office based the costs on past trends and office policies. (See page 39.)

Total full-time equivalents of 62 (60 FTE salaried staff plus 2 FTE contracted staff assistance) reflects the number of persons necessary to obtain 69,000 audit hours to audit the agencies set out on pages 31 to 32. The 69,000 audit hours takes into account known information at November 30, 2012 about the state of the government's systems and practices, the number of government agencies, the Government's use of appointed auditors, and auditing standards. The Office based the number of persons necessary to achieve 69,000 audit hours on the planned use of staff time set out on pages 37 to 38.

5. *Agent and Advisory*

In 2011 and 2012, the Office required extra contract staff due to higher than anticipated staff turnover, parental leaves, and other leaves of absence.

6. *Total Operating Expense*

The Office's actual spending for the seven months ended October 31, 2012 was $4.4 million (unaudited).

7. *Transfer to General Revenue Fund (GRF)*

The Provincial Auditor Act requires the Office to give all fees and other revenues to the General Revenue Fund. The Act also requires the Office to return any excess appropriations to the General Revenue Fund. The Office anticipates that it will deposit $5,000 of other revenue and $528,000 of our appropriations to the General Revenue Fund for March 31, 2013.

8. *Contingency Appropriation*

In the past, the Office maintained net financial assets equal to approximately one month's salary and benefit expenses. This practice allowed our Office to manage unforeseen circumstances effectively. To enable the Provincial Auditor to retain the independence to manage effectively, the Public Accounts Committee recommended that the Act should provide for the Provincial Auditor to obtain an extra appropriation each year. The Act provides for a contingency appropriation in place of the Office maintaining net financial assets.

9. *Schedule of Revenue and Expenditure ($ Thousands)*

The Office prepared the following schedule using the expenditure basis of accounting. Expenditures are the cost of goods and services acquired in the year whether or not the Office has made payment. The appropriation from the General Revenue Fund is determined using the expenditure basis of accounting.

For the Years Ended March 31	2011 Actual	2012 Actual	2013 Estimate	2014 Forecast	2015 Projection
Revenue:					
General Revenue Fund					
- Appropriation	$ 7,525	$ 7,620	$ 7,814	$ 7,937	$ 7,884
- Contingency Appropriation	503	514	516	520	520
Other	8	6	5	6	6
Total Revenue	**8,036**	**8,140**	**8,335**	**8,463**	**8,410**
Expenditure:					
Salaries	4,936	4,899	5,247	5,316	5,316
Employee benefits	804	823	934	932	932
Facilities and equipment	595	654	714	704	704
Administration	406	420	429	436	426
Agent and advisory services	453	486	323	374	331
Training and development	172	145	155	175	175
Total operating expenditure	**7,366**	**7,427**	**7,802**	**7,937**	**7,884**
Transfer to GRF					
- Return of Appropriation	662	707	528	520	520
- Other	8	6	5	6	6
Total transfer to GRF	**670**	**713**	**533**	**526**	**526**
Total expenditure	**8,036**	**8,140**	**8,335**	**8,463**	**8,410**
Excess of revenue over expenditure	**$ --**	**$ --**	**$ --**	**$ --**	**$ --**

3.3 Schedule of Actual and Planned Audit Costs to Audit Government Agencies for the years ended March 31

The following schedule shows our actual costs to audit government agencies for our fiscal years ended March 31, 2011 and March 31, 2012. The schedule also shows our planned costs to audit government agencies for our fiscal years ended March 31, 2013 and March 31, 2014.

The "nature of each examination" is described in section 11 of *The Provincial Auditor Act*, which states:

> *11(1) The Provincial Auditor is the auditor of the accounts of the government of Saskatchewan and shall examine all accounts related to public money and any accounts not related to public money that he is required by an Act to examine, and shall determine whether, in his opinion:*
>
> *a) the accounts have been faithfully and properly kept;*
>
> *b) public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;*
>
> *c) public money expended has been applied to the purposes for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and*
>
> *d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money.*

The information for 2011 and 2012 was originally provided in the Schedule of Actual Costs to audit Government Agencies included in our 2011 and 2012 Annual Reports on Operations. The audited information noted there would be future costs to complete these audits. Virtus Group LLP audited those schedules. Also, those schedules provide a comparison of our planned and actual costs to audit agencies for those years and an explanation for significant differences. The actual results reported here have been updated to include costs for these audits up to October 31, 2012.

	2011		2012
	($ Thousands)		
Actual costs as at March 31 audited by Virtus Group LLP	6,678		7,230
Additional costs to October 31, 2012	373		479
Projected costs to complete work	0		9
Total costs to audit government agencies	7,051	***	7,718

***Our audit costs for 2011 decreased due to vacancies in senior positions and as a result of fewer audit hours spent at agencies where there were fewer audit and accounting issues than anticipated.

As a result of the government reorganization in May 2012, we have reclassified our work plan costs in the following schedule to reflect the new government structure. As noted in the summary on page 43, the government reorganization did not change the total cost of our work.

Schedule of Actual and Planned Costs to Audit Government Agencies for the years ended March 31 as at October 31, 2012

(thousands of dollars)

Ministry or Agency	2011 Actual	2012 Actual		2013 Planned		2014 Planned	
Executive Council	$ 24	$ 16		$ 16		$ 16	
Legislative Assembly	100	107*		96		99	
Ministry of Advanced Education	893	857		918		936	
Ministry of Agriculture	259	286		275		325	
Ministry of Central Services	448	282	5	307		243	
Ministry of the Economy	223	275		298		367	
Ministry of Education	646	686		752		700	
Ministry of Environment	186	189		187		327	1
Ministry of Finance	735	840	6	872		882	
Ministry of Government Relations	216	236		180		259	2
Ministry of Health	1,072	1,071		1,151	4	1,192	
Ministry of Highways and Infrastructure	124	98		93		114	
Ministry of Justice	487	535		538		443	3
Ministry of Labour Relations and Workplace Safety	-	96	7	22		32	
Ministry of Parks, Culture and Sport	206	221		194		181	
Ministry of Social Services	194	336	8	278		228	
Crown Investments Corporation of Saskatchewan	60	65		86		132	
Information Services Corporation of Saskatchewan	14	16		18		18	
Saskatchewan Development Fund Corporation	2	-		-		-	
Saskatchewan Gaming Corporation	45	46		45		45	
Saskatchewan Government Growth Fund Management Corporation	10	3		6		6	
Saskatchewan Government Insurance	86	93		109		100	
Saskatchewan Liquor and Gaming Authority	181	281	9	246		207	
Saskatchewan Opportunities Corporation	9	64		11		11	
Saskatchewan Power Corporation	87	76		84		82	
Saskatchewan Safety Council	28	25		-		-	
Saskatchewan Telecommunications Holding Corporation	73	56		80		71	
Saskatchewan Transportation Company	6	7		10		10	
Saskatchewan Water Corporation	13	18		20		20	
SaskEnergy Incorporated	53	58		121		76	
Workers' Compensation Board	91	46		54		54	

continued

Ministry or Agency	2011 Actual		2012 Actual		2013 Planned	2014 Planned
Government-wide, Sectoral, and Special issue work	67		200*	10	269	223
Legislative Committees and Public Reports	413		524	11	480	538
TOTAL COSTS	**$ 7,051**		**$ 7,709**		**$ 7,816**	**$ 7,937**
* Costs remaining to complete audits not done at October 31, 2012	-		9		-	-
TOTAL COSTS TO AUDIT GOVERNMENT AGENCIES	**$ 7,051**	***	**$ 7,718**		**$ 7,816**	**$ 7,937**
Average cost per audit hour**	$ 102.63		$ 109.85		$ 110.92	$ 111.97

**The average cost per audit hour is the total expenditure for the year from page 29, less direct costs (e.g., audit travel, audit advisors, and report publishing costs), divided by the total audit hours for all employees for the year (see page 27). Our average cost per audit hour in 2011 decreased due to senior level retirements and unexpected senior level turnover resulting in the increased use of junior staff. The increase in 2012 and 2013 in the average cost per hour is primarily due to increasing salaries and benefits which are based on the economic adjustments to salaries and benefits given to public servants (see page 36) and a return to our standard staffing mix.

***Our audit costs for 2011 decreased due to vacancies in senior positions and as a result of fewer audit hours spent at agencies where there were fewer audit and accounting issues than anticipated.

Explanations for Differences Greater Than $75,000 Between Years

Our work plan shifts resources between government agencies. We use a risk-based model to set priorities and allocate resources for our work plan. Variance explanations for differences greater than $75,000 follow:

2014 Planned Costs

1. ***Ministry of Environment*** – For 2014, we plan to assess the adequacy of the ministry's processes to regulate: landfills ($56,000); wastewater ($56,000); and toxic waste ($40,000).

2. ***Ministry of Government Relations*** – For 2014, we plan to assess the ministry's processes for funding water treatment plants ($35,000) and processes to ensure provincial disaster program readiness ($35,000).

3. ***Ministry of Justice*** – For 2013, we planned to assess the ministry's processes to rehabilitate sentenced youth within provincial youth facilities ($39,000) and processes to maintain the integrity of offender data in the Corrections Management Information System ($40,000).

2013 Planned Costs

4. ***Ministry of Health*** – For 2013, we planned to assess the adequacy of the ministry's processes to regulate personal care homes and processes to monitor nutrition in long-term care facilities ($73,000). Also for 2013, we planned to follow up past recommendations regarding electronic health records ($14,000).

2012 Actual Costs

5. ***Ministry of Central Services*** – In 2011, we followed up past recommendations related to the Public Service Commission's processes to develop leaders for senior management positions ($10,000) and we assessed whether out-of-scope classified positions were staffed in compliance with *The Public Service Act, 1998* ($88,000). Also in 2011, we assessed whether the ministry had adequate processes to plan accommodation for government agencies ($35,000).

6. ***Ministry of Finance*** – In 2011 our actual costs decreased by $77,000 as a result of efficiencies in staff levels used and fewer audit issues requiring research for our work related to the General Revenue Fund, Ministry of Finance, Summary Financial Statement, and pension plans. In 2012, we followed up past recommendations for 3 audits: 1) the adequacy of the Ministry's PST audit selection process ($7,000); 2) the Ministry's project to replace the revenue management computer system ($8,000); 3) the Government's performance plan summary ($9,000).

7. ***Ministry of Labour Relations and Workplace Safety*** – The Ministry was created effective June 29, 2010, increasing our actual costs by $29,000 in 2012. In addition, in 2012 we completed an assessment of the Ministry's processes to address non-compliance with *The Occupational Health and Safety Act* ($67,000).

8. ***Ministry of Social Services*** – In 2012, we assessed the adequacy of the Ministry's processes to select community-based organizations to provide services to citizens on the Ministry's behalf ($60,000). Also in 2012, we assessed the adequacy of the Saskatchewan Housing Corporation's processes to maintain housing units ($49,000).

9. ***Saskatchewan Liquor and Gaming Authority (SLGA)*** – In 2012, we assessed the effectiveness of SLGA's liquor procurement processes ($56,000). Also in 2012, we followed up past recommendations related to SLGA's processes to encourage responsible use of beverage alcohol ($6,000) and the adequacy of SLGA's succession planning processes ($8,000).

10. ***Government Wide, Sectoral, and Special Issue Work*** – In 2011, less government-wide work was conducted as resources were designated to the work required in several government agencies. In 2012, we assessed the overall quality of the content of the annual reports of significant government agencies ($65,000). Also in 2012, we assessed the adequacy of information technology threat and risk assessment processes at one significant government agency ($30,000).

11. ***Legislative Committees and Public Reports*** – The costs to prepare and publish our 2012 public reports increased as a result of redesigning our public reports and updating our office logo.

3.4 Historical Comparison of the Costs of Our Work Plans

Table 1 shows a five-year summary comparison of costs by "audit year" to discharge our duties under *The Provincial Auditor Act*.

Table 1

(in $ millions)

Work Plan Costs *Our Costs to Audit Each Government Agency* *for Our Fiscal Years Ended March 31* *as at October 31, 2012*				
2011 Actual	**2012 Actual**	**2013 Planned**	**2014 Planned**	**2015 Planned**
7.051	7.718	7.816	7.937	7.884
(Details on pages 30 to 32)				(Details to be determined in 2013)

The cost to carry out our annual work plan shows differences between years. Our annual reports on operations for 2011 and 2012 contain detailed explanations about our planned and actual costs.

Our financial request on page 4 explains the differences between our 2013 and 2014 planned costs to audit government agencies.

On pages 30 to 34, we compare our detailed work plans for the years 2011 to 2014 and explain differences between those years.

The difference between 2011 actual and 2012 actual is mainly attributable to the retirement of the former Provincial Auditor and the appointment of the Acting Provincial Auditor. This resulted in the position of Assistant Provincial Auditor being vacant for one year. As well, turnover impacted the office resulting in less hours being available for direct audit work.

The 2015 work plan costs in Table 1 reflect our performance target for 2015. Our planned target for 2015 includes a decrease of $53,000 for the one-time costs that are in the 2014 plan related to co-hosting the CCPAC/CCOLA national conference. In addition, we plan to absorb inflationary increases except for general salary and benefit increases that the Government gives to public servants. This cost projection also assumes that the quality of government agencies' management systems and practices, the use of appointed auditors, professional standards, and total Government revenues and expenses will remain constant.

3.5 *Forecast and Actual Full-Time Equivalent Positions and Average Salaries*

Information on full time equivalent positions and average salary of employees

	Full-Time Equivalent Positions		Average Salaries[1]	
Fiscal Year Ended	Forecast	Actual	Forecast	Actual
2005	57	55	65,140	65,964
2006	57	53 [2]	64,860	67,453 [2]
2007	57	57	65,300	68,211
2008	57	58	71,000	73,517
2009	58	56	77,220	77,700
2010	58	55	81,600	82,800
2011	61	59	84,700	83,700
2012	60	56	88,100	87,500
2013	60	59 [3]	88,400	88,900 [3]
2014	60		88,600	

[1] Our average salaries have increased from 2005 to 2014 primarily due to the Provincial Auditor's staff receiving similar economic adjustments as those the Government provided to public servants. In the following table, we set out the economic adjustments the Government provided to public servants. These economic adjustments alone would cause our average salary at March 31, 2005 to increase from $66,000 per year to $83,400 by March 31, 2014. In 2006, the Government increased the salaries for its classification plan for senior employees. We also responded to this pressure and increased senior staff salaries by 4%. The rest of the increase to $88,600 for 2014 was caused by our need to respond to market pressures in recent years for hiring and retaining professional accountants/auditors and students.

Economic adjustments provided to public servants:

July 1, 2005	1.0%	April 1, 2008	4.0%	April 1, 2011	2.0%
July 1, 2006	2.8%	April 1, 2009	4.5%	April 1, 2012	2.0%
July 1, 2007	6.1%	April 1, 2010	1.5%		

[2] Because a number of staff were on maternity and other leaves this year, we replaced these staff with contract staff from accounting firms. This changed the usual composition of our normal average salary.

[3] Estimated number of full-time equivalent positions and average salaries for 2013 based on information known at October 31, 2012.

3.6 *Schedule of Actual and Planned Time Spent on Tasks for the Years Ended March 31*

	Actual			Planned	
Employee time	**2010**	**2011**	**2012**	**2013**	**2014**
Working hours	85%	85%	86%	84%	85%
Vacation leave and statutory holidays	12% [1]	13%	12% [1]	14%	13%
Sick leave	3% [2]	2%	2%	2%	2%
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits	67%	68%	68%	68%	68%
Support services	11%	11%	11%	10%	11%
Office administration	14% [3]	11%	13% [5]	12%	12%
Training	8%	10% [4]	8% [6]	10% [4]	9% [4]
Total work hours	100%	100%	100%	100%	100%
Total full-time equivalent positions	59	62	58	62	62 [7]

(see accompanying notes to the schedule on page 38)

---

1 Our vacation leave and statutory holidays are similar to those provided to employees in the public service. In 2010 and 2012, we contracted more staff assistance than originally planned. Hours received from contracted assistance does not include time for vacation leave and statutory holidays. 2013 reflects one more statutory holiday (Easter) for the period. This occurs every 4 years.

2 2010 was not a representative year for the office. Several staff required leave to recover from serious illnesses during the year.

3 Administration time increased in 2010 to research and assess the impact of new accounting, auditing, and quality control standards on the work of the Office.

4 Beginning in 2011, more training was required to maintain knowledge related to the new auditing and accounting standards. Planned time for 2013 and 2014 continues to anticipate this need.

5 Administration time increased in 2012 as a result of updating our Strategic Plan, implementation of a new office logo, redesign of the Office's public report, and increased recruiting efforts to hire new staff.

6 During 2012, some management and specialized training was deferred to meet audit deadlines.

7 Represents 60 full-time equivalent staff and 2 contracted full-time equivalents.

Notes to the Schedule of Actual and Planned Time Spent on Tasks for the Years Ended March 31

1. Purpose

This schedule shows work tasks and the percentage of time spent on these tasks. The schedule shows actual percentages for the years ended March 31, 2010 to March 31, 2012. The schedule also shows planned percentages for these tasks for the years ended March 31, 2013 and 2014.

The information for 2010, 2011, and 2012 comes from the Schedule of Actual Time Spent on Tasks included in our Annual Reports on Operations for those years. The 2010, 2011, and 2012 schedules were audited by Virtus Group LLP.

2. Definitions

Working hours - This is the time available after deducting vacation leave, statutory holidays, and sick leave.

Vacation leave and statutory holidays – Vacation leave paid. It is based on years of service. Employees also receive 12 paid statutory holidays.

Sick leave – Sick leave paid. The amount of paid leave is based on years of service.

Total paid hours - This is the total of working hours, vacation leave, statutory holidays, and sick leave. Employees must work a minimum of 1950 hours per year to receive full pay.

Audit hours - This is the time spent on the audits set out in the Detailed Work Plan. Audit hours do not include the time spent on support services, office administration, and training.

Support services - This is the time spent on accounting, computer maintenance and support, and other administrative support.

Office administration - This is time spent on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training - This is time spent on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our courses.

Full-time equivalent positions – Total paid hours divided by 1950 hours.

3. Time Allocation Policies

Employees and contract staff are required to record on timecards actual time spent on each task to the nearest quarter hour. The supervisors approve the timecards. The Office uses the information from the timecards to pay employees and contract staff and to monitor performance. The Office also uses this information to determine the costs to audit government agencies.

3.7 Training Schedule

Information on the cost of training. The schedule shows the staff hours, staff salary cost, and out-of-pocket costs.

	Actual			Forecast		
Fiscal Year	Hours[1,2]	Salary Cost	Out-of-Pocket Cost	Hours[1,2]	Salary Cost	Out-of-Pocket Cost
2004-05	7,462	220,291	138,222	8,195	248,382	149,000
2005-06	6,152 [3]	187,796 [3]	159,252	8,714	259,442	149,000
2006-07	6,850 [3]	229,940 [3]	155,475	8,830	267,917	149,000
2007-08	7,701	261,027	154,793	8,800	291,736	160,000
2008-09	7,931	292,026	180,677	8,740	313,400	160,000
2009-10	7,656	280,606	167,420	8,760	334,800	175,000
2010-11	9,664	385,371	171,793	9,996 [4]	421,300	175,000
2011-12	7,961 [5]	346,740 [5]	144,997 [5]	10,120	454,100	175,000
2012-13	8,952 [6]	400,016 [6]	154,885 [6]	9,944	438,300	175,000
2013-14				9,006	419,600	175,000

1 We are a training office for people to become professional accountants (CA, CMA, CGA). 40% – 50% of our training hours relate to training these students. This is the key strategy we use to recruit staff.

2 We did a survey of the legislative auditors across Canada. We received responses from 10 out of 11 of the legislative auditors. Following are the results of the survey based on 2012 training policies:

Type of Training	*Legislative Auditors Average 2012*	*Provincial Auditor Saskatchewan 2012*	*Provincial Auditor Saskatchewan Forecast 2014*
Training new staff to become professionals	8 days	11 days	11 days
Keeping our existing professional staff current	11 days	8 days	8 days
Specialized training (e.g., computers, pensions, tax, etc.)	9 days	11 days	11 days

3 Time spent on audits increased during 2006 and 2007 due to special investigations and additional audits not known when time allocation was originally planned. As a result, some management and specialist training was deferred.

4 Beginning in 2011, we are planning to use more senior staff time for the training of other professional staff to transfer knowledge as part of our succession plan and in response to the significant changes in professional standards.

5 During 2012, some management and specialized training was deferred to meet audit deadlines.

6 This is an estimate for 2012-13 based on known information at October 31, 2012.

4.0 Other Supporting Information

4.1 Government Agencies Created in 2012-13

The following agencies were created, became a government-controlled agency, or were subject to audit by the Provincial Auditor during 2012-13 and result in more work for us in 2013-14. As a result, we request additional resources in 2013-14 to do these audits:

Ministry of the Economy	
Tourism Saskatchewan	$ 14,200
Ministry of Highways and Infrastructure	
SaskBuilds Corporation	9,700
Ministry of Justice	
Financial and Consumer Affairs Authority of Saskatchewan	24,500
	$ 48,400

4.2 Government Agencies Wound Up in 2012-13

The following agencies were wound up, ceased to be a government-controlled agency, or were no longer subject to audit by the Provincial Auditor during 2012-13 and result in less work for us in 2013-14. As a result, we do not request resources in 2013-14 to do these audits:

Ministry of Justice	
Saskatchewan Financial Service Commission Fund	$ 24,500
	$ 24,500

We submit our request for resources in January of a year (2013) for the next April to March fiscal (2013-14) year. Our request is for the purpose of auditing government agencies for their years ended in the period January 1, 2013 to December 31, 2013. We base our request on information known to November 30, 2012. We will reflect information received after that date in our next request for resources.

4.3 Summary of Government Reorganization

In May 2012, the government reorganized. Some ministries were continued under another name. The responsibility for some programs moved from one ministry to another ministry. The government reorganization did not change the total cost of our work. Our work plan for 2013-14 was developed using the new government structure as indicated by the following changes effective May 25, 2012:

The Ministry of Advanced Education, Employment and Immigration is continued as the Ministry of Advanced Education.

The Ministry of Corrections, Public Safety and Policing is now part of the Ministry of Justice and the Ministry of Government Relations.

The Ministry of Energy and Resources is continued as the Ministry of the Economy.

The Ministry of the Economy also includes:

- Enterprise and Innovation Programs
- Enterprise Saskatchewan
- Innovation Saskatchewan
- Saskatchewan Research Council

The Ministry of First Nations and Métis Relations is now part of the Ministry of Government Relations.

The Ministry of Government Services is continued as the Ministry of Central Services.

The Ministry of Central Services also includes:

- Information Technology Office
- Public Service Commission

The Ministry of Justice and Attorney General is continued as the Ministry of Justice.

The Ministry of Municipal Affairs is continued as the Ministry of Government Relations.

The Ministry of Tourism, Parks, Culture and Sport is continued as the Ministry of Parks, Culture and Sport.

The Office of the Provincial Capital Commission is now part of the Ministry of Parks, Culture and Sport.

The Office of the Provincial Secretary is now part of Executive Council and the Ministry of Justice.

4.4 Spending Trends

In the past, members of the Standing Committee on Estimates and the Standing Committee on Public Accounts wanted to know what our spending trends were over a ten-year period.

The following information shows the trend of our spending from 2003 to 2012. The financial trends of the Government are best represented by the total revenue plus the total expense, as well as the total assets plus the total liabilities from the Government's summary financial statements.

Table 2

Year End	Provincial Auditor's Spending	Government's Financial Trends	
		Revenue and Expense	Assets and Liabilities
2003	5.3 million	23.4 billion	36.9 billion
2004	5.4 million	23.3 billion	37.2 billion
2005	5.5 million	25.7 billion	38.8 billion
2006	5.7 million	26.9 billion	40.0 billion
2007	6.0 million	29.4 billion	41.7 billion
2008	6.3 million	32.2 billion	44.4 billion
2009	6.6 million	37.0 billion	43.3 billion
2010	7.0 million	35.9 billion	45.9 billion
2011	7.4 million	37.9 billion	47.4 billion
2012	7.4 million	39.1 billion	49.3 billion

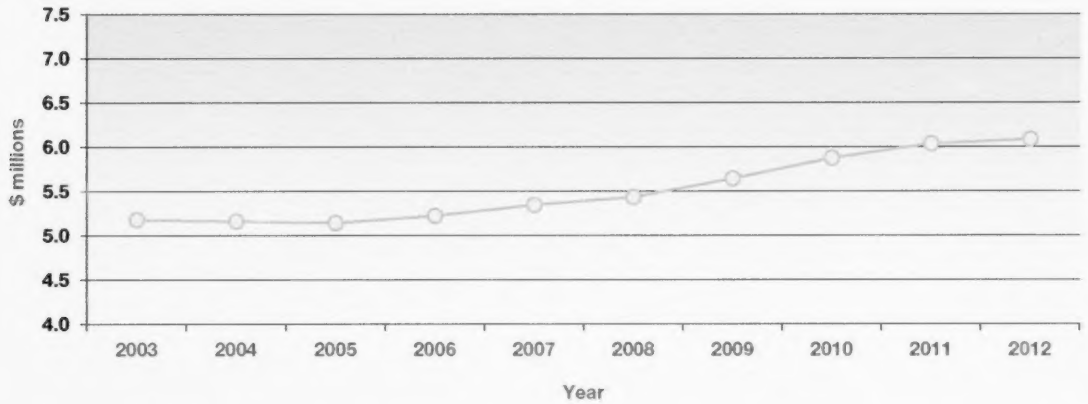
The Provincial Auditor's reported spending, for 2003 to 2012 inclusive, does not include appointed auditors' fees charged to government agencies. The decision to use appointed auditors rests with the Government. Accordingly, the costs of appointed auditors are not within the Provincial Auditor's control and are, therefore, not reflected in the Provincial Auditor's spending.

The Government's financial numbers come from its summary financial statements. The total revenues plus the total expenses are used to reflect the increase in the volume of transactions our Office is responsible for auditing. We also have to audit the total assets plus the total liabilities of the Government. Graphs 1 and 2 (page 45) include the above information adjusted for inflation using 2002 as the base year.

From 1987 to 1995, our appropriation was not sufficient to carry out our work plan. This resulted in no reports, or late reports, to the Members of the Legislative Assembly on certain government agencies. For the 18 years ended March 31, 2013, our requested appropriation was accepted and the appropriation was sufficient for our Office to carry out our work plan. From 2003 to 2012, our spending has increased 40%. During the same period, the Government's spending has increased 63%.

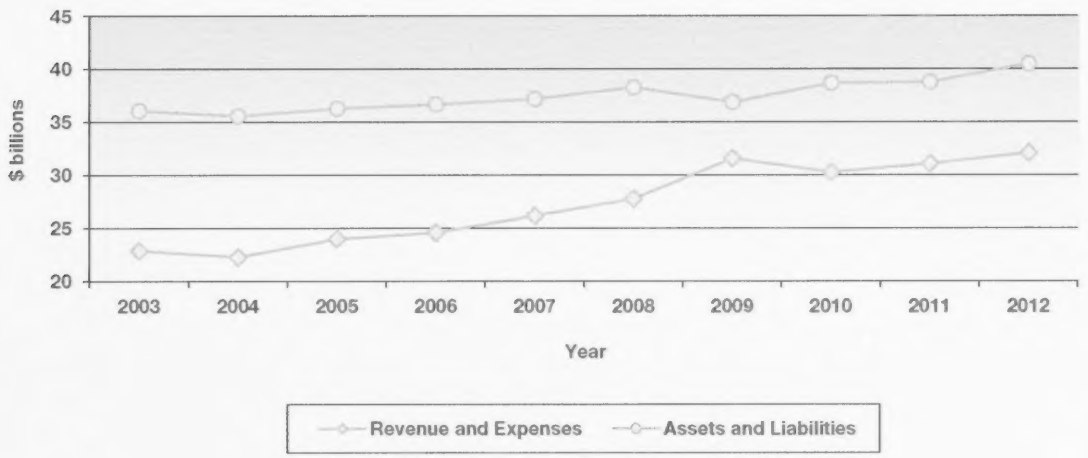
Graph 1 - Provincial Auditor's Spending

These numbers come from Table 2. The numbers are adjusted for inflation using The Consumer Price Index of Saskatchewan and 2002 as the base year.



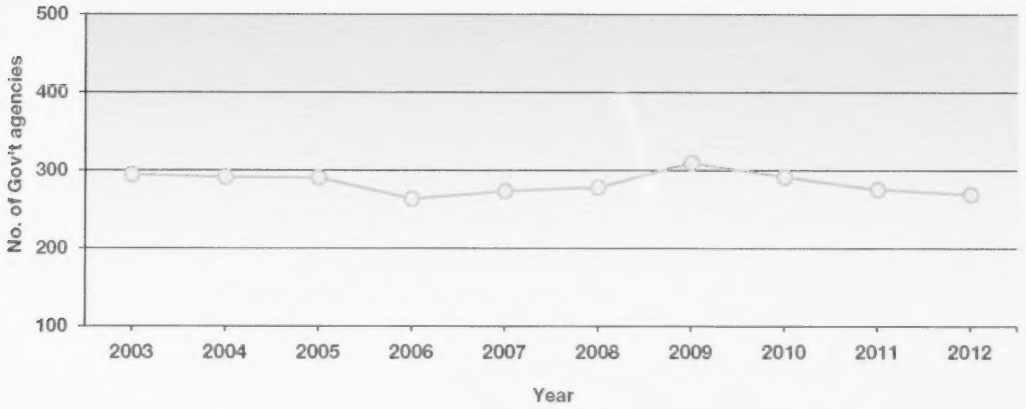
Graph 2 - Government's Financial Trends

These numbers come from Table 2. The numbers are adjusted for inflation using The Consumer Price Index of Saskatchewan and 2002 as the base year.



Graph 3 - Number of Government Agencies

Our work is also affected by the number of government agencies. The following graph shows the ten-year trend in the number of government agencies.



4.5 Out-of-Province Travel

Out-of-province travel costs for the last five years.

	2009-10		2010-11		2011-12		2012-13		2013-14	
Forecast	$ 49,800	1,2	$ 46,500	1,2	$ 45,100	1,2	$ 45,100	1,2	$ 49,000	1,2
Actual	33,753	3	40,830	3	38,803	3	34,391	4		

1 Our costs include participation in national working groups with the legislative audit community to agree on guidelines for auditing and reporting on performance. Also, some of our specialized training is not available in province (e.g., pension and benefit plans, gaming and insurance areas).

2 Our costs also include travel for some of our students to attend sessions for the CA School of Business (CASB) in Alberta. CASB does not always host all sessions in Saskatchewan.

3 Some of our specialized training was available in province, which was not anticipated when we set the forecast.

4 This is an estimate to March 31, 2013. The actual to October 31, 2012 is $16,522.

4.6 Senior Management Salaries

Annual salaries of senior management for the past five years and the percentage change from the previous year.

Annual salaries as at March 31:

	2008	Percent Increase from 2008[1]	2009	Percent Increase from 2009[2]	2010	Percent Increase from 2010[3]	2011	Percent Increase from 2011[4]	2012
Wendel, G. F.[6,7]	163,252	5.70%	172,556	13.08%	195,131	--	--	--	--
Atkinson, B. R.[6,7]	138,778	7.78%	149,576	7.85%	161,318	25.28%	202,100	--	
Lysyk, B.[6,7]	--	--	--	--	--	--	--	--	207,721
Ahmad, M.[5]	125,082	7.93%	135,000	8.15%	146,000	8.45%	158,340	1.87%	161,304
Borys, A.[8]	--	--	--	--	--	--	--	--	155,702
Ferguson, J. D.[5]	125,082	7.93%	135,000	8.15%	146,000	8.45%	158,340	1.87%	161,304
Heffernan, M. A.[5]	125,082	7.93%	135,000	8.15%	146,000	8.45%	158,340	1.87%	161,304
Montgomery, E.[5]	125,082	7.93%	135,000	8.15%	146,000	8.45%	158,340	1.87%	161,304

Ferguson, J. D.	Promoted to position of Assistant Provincial Auditor effective April 1, 2012
Heffernan, M. A.	Retired effective April 2, 2012
Deis, K.	Promoted to position of Deputy Provincial Auditor effective April 1, 2012

1 The government granted salary increases to all out-of-scope public servants of 4% on April 1, 2008.

2 The government granted salary increases to all out of scope public servants of 4.5% on April 1, 2009.

3 The government granted salary increases to all out of scope public servants of 1.5% on April 1, 2010.

4 The government granted salary increases to all out-of-scope public servants of 2.0% on April 1, 2011.

5 Senior management received competitive market adjustments in 2008 to 2011.

6 The law states that the Provincial Auditor's salary is the average of the salaries paid to Deputy Ministers and the Provincial Auditor receives any economic adjustments that Deputy Ministers receive.

7 Mr. G. Fred Wendel retired as Provincial Auditor on April 30, 2010. Mr. Brian R. Atkinson retired as Acting Provincial Auditor on April 1, 2011. Ms B. Lysyk was appointed as Provincial Auditor effective April 1, 2011.

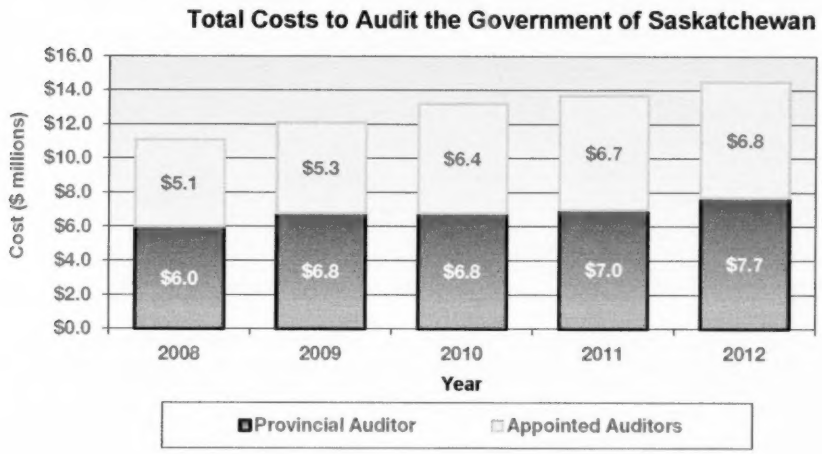
8 Ms A. Borys was promoted to position of Deputy Provincial Auditor and Chief Operating Officer effective December 1, 2012.

4.7 Total Costs to Audit Government Agencies

Following is a summary of the total costs to audit government agencies for the last five years.

Many of the 270 agencies that the Government manages use appointed auditors. The Government has stated that it uses appointed auditors so the Saskatchewan public accounting industry can develop and retain local expertise. The Government is accountable for the costs of using appointed auditors and, therefore, our financial plan does not reflect these costs. However, our detailed work plans reflect the known use of appointed auditors because it affects our costs and the way we carry out our work. The use of appointed auditors reduces our costs but increases the total cost of auditing to taxpayers. It costs more to audit when there are two auditors.

Costs ($ millions)			
Year	**Provincial Auditor[1]**	**Appointed Auditors[2]**	**Total**
2008	$ 6.0	$ 5.1	$11.1
2009	$ 6.8	$ 5.3	$12.1
2010	$ 6.8	$ 6.4	$13.2
2011	$ 7.0	$ 6.7	$13.7
2012	$ 7.7	$ 6.8	$14.5



From 2008 to 2012, our spending has increased 28%. During the same period, the amount spent by government agencies to appointed auditors increased by 33%.

[1] Actual costs for the Provincial Auditor to audit government agencies.
[2] Fees paid by government agencies to appointed auditors for audit services.

5.0 Our 2012-2017 Strategic Plan

Strategic Direction

Our Vision

A valued and independent legislative audit office, inspiring and advancing excellence in public sector performance, accountability, and sustainability.

We Envision

A transparent and accountable government delivering effective programs that meet the needs of the people of Saskatchewan.

Our Mission

To serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance, and effective use of public resources.

Our Values

We are committed to earning the respect and confidence of our stakeholders and professional colleagues. We hold ourselves individually and collectively accountable in upholding the vision, mission, and values of the Office of the Provincial Auditor.

- **Independence** – We maintain our objectivity in all of our work.
- **Innovation and Excellence** – We challenge the status quo and strive for excellence to achieve positive results.
- **Trust and Integrity** – We are professional, honest, courteous, and fair.
- **Leadership** – We lead by example and encourage open communication and teamwork.
- **Relevance** – We make a difference, serving as a catalyst for effectiveness and accountability in the public sector.
- **Balance** – We support harmony between work, personal life, and community involvement as we strive to balance personal and professional goals.
- **Learning** – We promote and foster a creative culture that stimulates personal and professional growth.
- **Diversity** – We believe our strength rises from the diversity of our experience, knowledge and cultural backgrounds.
- **Accountability** – We actively take responsibility for achieving positive results and for explaining our performance.

External Forces and Trends

It is important that we remain knowledgeable about the external environment and trends affecting Saskatchewan.

We can then use this knowledge to determine where to focus our audit resources. This in turn will ensure that our work is relevant and adds value in auditing and advising on how well the government is managing its responsibilities and resources.

We have identified the following 12 external forces/trends to consider in our strategic plan. We intend to focus our efforts on assisting our stakeholders to address the challenges and opportunities emerging from these external forces and trends. We plan to assess the effectiveness of agencies' processes to manage outcomes in key areas such as health, social services, environment, infrastructure, and education. Over the five-year period of the plan the Office will continue to monitor external forces and trends in order to respond proactively.

EXTERNAL FORCE / TREND	SUMMARY
1. Changing Demographics & Diversity	• The population of Saskatchewan is expected to continue to grow and diversify. • The proportion of Aboriginal people and immigrants will continue to increase. • The arrival of additional immigrants will bring new expectations and requirements for the delivery of public services. • Economic disparity among people may continue to rise. • An aging population will place increased demands on government programs and resources such as healthcare.
2. Technology Change & Complexity	• The increased use of technology (e.g., wireless and handheld systems, cloud computing) will bring new audit, security, and privacy risks. • Changes in technology also raise concerns regarding the protection of personal and private information. • Scientific advances lead to increasing expectations.
3. Changes in Professional Assurance Standards	• Changes to international assurance (auditing) standards require new training, on-going development, and new processes for auditors.

EXTERNAL FORCE / TREND	SUMMARY
4. Changes in Professional Accounting Standards	• Changes to the "financial statement preparer rules" impact the content and presentation of financial information, which in turn impacts the audit work performed. • More generally accepted accounting frameworks are being used by audit clients, which in turn increases work and knowledge demands for auditors. • Changes in professional accounting standards creates a need for new training, on-going development, and new internal processes. • Cross Canada focus on Summary Financial Statements for government public reporting versus public reporting on a general revenue fund.
5. Changes in Service Delivery Based on Citizen Priority	• Increased use of alliances and partnerships with other jurisdictions and governments. • Public expectations for smaller, more efficient government. • Increasing expectations for direct citizen participation in decision making including access to services. • Changes in delivery models and accountability: public-private partnerships, agency delivery, multi-agency, quasi or non-government agency delivery, etc. • Increased importance of effective governance systems and practices.
6. Changes in the Public Sector Workforce	• Succession planning and the management of retirements in the public sector due to the loss of knowledge and history. • Reduction in the size of the public sector workforce and the impact on program and service delivery. • Increasing competition for the best employees. • Multiple generations in the workplace with differing values and styles. • Mobility of young people to pursue multiple careers; loss of employer loyalty; interconnectivity internationally. • Increasing number of MBAs and MPAs. • Increased cultural diversity in the workplace. • Poor investment returns are delaying retirements.

EXTERNAL FORCE / TREND	SUMMARY
7. Sustainability and Protecting the Physical Environment	• Predict more severe and intense weather events such as floods, tornadoes, droughts, etc. will require public resources and a timely response. • Increasing expectations from the people of Saskatchewan for sustainable development and management. • Opportunity for environmental and science based auditing to assess regulatory compliance and performance outcomes. • New regulatory systems for climate change or results based regulation impacting accountability.
8. Focus on Infrastructure	• Aging infrastructure and growing infrastructure deficits combined with the need for long-term capital planning and asset management practices. • Growing population increases the wear and tear on infrastructure. • Roads and transportation systems are critical for growing the economy of an exporting province like Saskatchewan. • Expectations for new forms of infrastructure which are expensive and may become quickly obsolete such as cellular and digital networks.
9. Emergence of Non-Traditional Media	• High adoption rates for social media including Facebook, Twitter, blogs, YouTube and others. • Opportunity for the public to raise an issue and define the public debate immediately on the internet. • Increasing emphasis on websites and real time communication. • Risks for the protection of private and personal information. • Specialized software applications for hand held devices.

EXTERNAL FORCE / TREND	SUMMARY
10. Impact of Global Markets and Interdependence on Saskatchewan	• Increased volatility in financial markets, capital markets and debt ratings affects the pay down of debt, investment earnings, and pension plans, etc. • Interdependence brings issues in the global economy to Saskatchewan. • Volatility of economic growth based on a resource economy – oil, potash, uranium, etc. - may result in income volatility. • Currency volatility and impacts for an export-focused province. • Pressure for balanced budgets on governments. • The increasing importance of risk assessment and timely adoption of research-proven best practices in a variety of disciplines.
11. New Financing Structures in Government	• New financing structures will bring increased complexity and assurance requirements. • Increased use of public-private partnerships and other forms of private capital to fund public services. • New partnerships will require an understanding of who holds which risks, plus accountability for delivering on commitments by all parties. • Continued focus on risk management and governance in the public sector.
12. Evolving Relationships Between Legislative Auditors and Public Accounts Committee	• Increasingly "best practices" for Public Accounts Committee are being shared and used as a guide for implementation and management. • Public Accounts Committees have varying expectations for Legislative Audit Officers. • Public Accounts Committees are looking beyond Canada in evolving their role. • Increasing desire to make Public Accounts Committee more efficient. • Increasing role of research officers to assist Public Accounts Committees.

Our Risks

Our success is based on providing independent, relevant, and reliable services at a reasonable cost. To do this, we must manage the following risks to ensure we accomplish our goals:

- Our stakeholders do not support our goals and objectives
- Government does not act on our recommendations
- The Standing Committees on Public Accounts and Crown and Central Agencies do not fulfill their responsibilities
- We do not have the required competencies and resources to deliver our products and services
- We do not manage our resources effectively
- We do not understand or respond to the challenges faced by our stakeholders
- We lose or are perceived to lose our independence
- We provide inappropriate, incorrect assurance and advice

Our Balanced Scorecard

The Office of the Provincial Auditor has adopted a balanced scorecard method for designing and measuring its five-year strategic plan. The balanced scorecard method provides the Office the opportunity to present a mix of goals, objectives, strategies, and financial and non-financial measures that will support the accomplishment of its vision, mission, and legislated mandate.

The balanced scorecard adopted by the Office has five perspectives:

- Stakeholders (Clients)
- Organization
- People, Learning and Development
- Resources
- Public and Social

The five-year goals for each perspective are summarized in the following diagram:

Strategic Plan Summary 2012-2017

Vision: A valued and independent legislative audit office, inspiring and advancing excellence in public sector performance, accountability and sustainability.

Mission: To serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance and effective use of public resources.

Our Balanced Scorecard: 2012 to 2017

	Stakeholders (Clients)	Organization	People, Learning & Development	Resources	Public and Social
GOALS	Strengthen and advance Government's ability to achieve intended results and its accountability to the Legislative Assembly and the people of Saskatchewan	Continuously improve the overall effectiveness of our Office	Be an employer of choice who develops and sustains leading expertise and knowledge within the context of a flexible and healthy workplace	Provide relevant, reliable and timely products and services at a reasonable cost	Raise awareness of the Office of the Provincial Auditor as an accessible and independent office serving the Legislature and the people of Saskatchewan
MEASURES	Government acts on 80% of recommendations that can be implemented within one year Government acts on 80% of recommendations that can be implemented within five years Auditees post-audit feedback acknowledge value and satisfaction with our work Feedback from MLAs acknowledge value and satisfaction with our work Our reports are provided within agreed upon timeframes and meet statutory deadlines	Employee time consistent with Business and Financial Plan Our work is reported by established deadlines and within the planned costs set out in our approved Business and Financial Plan Positive CCOLA Peer Reviews & ICAS Practice Inspection Reports The audit opinions on our public performance reports are unqualified Time spent on performance work increases to 20% of available audit hours MLAs have confidence in our independence	Annual office culture survey indicates a positive working environment Students successfully obtain their professional designations Training in the office averages a minimum of 8% of available hours Our auditor composition includes at least 15% of professionals having a non-accounting designation Career Plans are in place for individuals who have completed their professional certification	Our Business and Financial Plan is approved by the Public Accounts Committee Our work is reported by established deadlines and within the planned costs set out in our Business and Financial Plan The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations	Members of the Legislative Assembly have confidence in the independent assurance work of the Office Public awareness of our Office Positive trend in the number of visits to the Office's website and the number of reports downloaded Leadership roles held by members of the Office on relevant key provincial and national committees

We Envision: A transparent and accountable government delivering effective programs that meet the needs of the people of Saskatchewan.

Our products and services include independent financial statement audits, internal control audits, compliance audits, performance audits, better practise guides, assurance reports and the sharing of knowledge and expertise.

The balance of the strategic plan outlines a comprehensive set of objectives and supporting strategies designed to accomplish our vision, mission, legislated mandate and goals.

A. *Stakeholders (Clients)*

Our primary clients are the members of the Legislative Assembly. Our other clients are public sector ministries and agencies and the people of Saskatchewan.

Goal

Strengthen and advance Government's ability to achieve intended results and its accountability to the Legislative Assembly and the people of Saskatchewan.

Objectives and Supporting Strategies

1. Our stakeholders value our assurance and advice on the reliability of financial statements, compliance with authorities, and the effectiveness of internal control and information systems.

    a) Provide timely assurance on agencies' financial reports using various financial reporting frameworks

    b) Analyze the impact of changes in governance structures on the financial reporting requirements for public agencies

    c) Provide timely assurance on the effectiveness of agencies' internal controls

    d) Provide timely assurance on agencies' compliance with governing authorities

    e) Provide timely assurance on agencies' security over information technology systems and practices, e.g., wireless, social media, and the protection of personal information

2. Our stakeholders value our assurance and advice to strengthen the effectiveness and sustainability of agency processes, programs and services, and the safeguarding of public resources.

    a) Assess the effectiveness of agencies' key processes, programs, and services to achieve outcomes and/or safeguard public resources

    b) Assess the effectiveness of key government-wide programs and processes

    c) Advance practices and understanding of effective public sector governance

    d) Assess the effectiveness of government practices for long-term capital asset management and capital planning

    e) Assess the effectiveness of risk management and long-term operational planning practices in the public sector

    f) Provide timely assurance on agencies' processes and systems to effectively identify and manage intellectual property

    g) Leverage knowledge and improve audit results through collaborative audits with other jurisdictions

    h) Advise legislators of challenges in managing the key forces and trends affecting Government

3. Our stakeholders value our assurance and advice on the effectiveness and use of alternative service delivery models and alternative financing arrangements.

    a) Provide timely assurance on the effectiveness of achieving expectations and positive outcomes through third party entities

    b) Encourage agencies to strengthen the accountability of the agencies they oversee

    c) Promote effective and accountable practices for alternative financing arrangements and structures

4. Our stakeholders value our assurance and advice on the effectiveness of regulatory processes and operations.

    a) Assess the effectiveness of key regulatory processes and operations (e.g., environmental)

5. Our stakeholders value our advice on managing the key forces and trends affecting reporting practices in the public sector.

    a) Promote and highlight best practices in public reporting, management, and governance

    b) Enhance communication with MLAs, Deputy Ministers, Presidents, Chief Executive Officers, executive managers, Boards of Directors, and Audit Committees

    c) Provide commentary on draft bills that impact accountability of the government to the Legislature or that impact the mandate of our Office

    d) Report to the Legislators on Government's overall accountability to the Assembly compared to other jurisdictions

6. The Public Accounts Committee continues to perform its role in an effective manner.

    a) Monitor Public Accounts Committee practices in other jurisdictions

    b) Continue to assist the Public Accounts Committee to operate effectively

7. The Government uses the Summary Financial Statements to manage and publicly report on finances.

    a) Inform stakeholders of the benefits of focused public reporting on the Summary Financial Statements

    b) Seek positive changes to financial public reporting practices (e.g., public reporting on the Summary Financial Statements, summary budgeting, quarterly reporting, and effective management discussion and analysis)

    c) Encourage Government to strengthen management discussion and analysis on the Province's summary level financial condition

Measures

The following key measures will be used to report on our results for the Stakeholder (Client) perspective:

- The Government acts on 80% of recommendations that can be implemented within one year
- The Government acts on 80% of recommendations that can be implemented within five years
- Post-audit feedback from auditees acknowledges the value of our work and indicates satisfaction with our work
- Feedback from Members of the Legislative Assembly acknowledges the value of our work and indicates satisfaction with our work
- Our reports are provided to the Legislature and government officials within agreed upon timeframes and meet statutory deadlines

B. Organization

Our performance is achieved through sound organizational structure, strong governance, strong management, strong technical knowledge, and efficient administrative support.

Goal

Continuously improve the overall effectiveness of our Office.

Objectives and Supporting Strategies

1. We effectively allocate the resources of the Office to best serve the Legislature and Public.
   a) Prepare an annual Business and Financial Plan and an Annual Report on Operations
   b) Increase the proportion of performance work from our 2011-12 level
   c) Maintain relationships and involvement with appointed auditors
   d) Assess the relevance of our assurance and other products
   e) Promote a Provincial Auditor Act that reflects best practices to better serve stakeholders
2. We optimize our use of technology, methodologies, internal processes, and management practices to ensure they support the audit, administration, and confidentiality needs of our Office.
   a) Provide technology to maximize productivity and to strengthen and simplify our management information systems
   b) Ensure reliability and performance of our IT systems
   c) Maintain current, efficient, and effective assurance methodologies
   d) Maintain high standards for security and confidentiality of information
   e) Provide efficient and effective administration and internal reporting
   f) Communicate internally in a clear, accessible, and timely manner (e.g., website, intranet, reports, memorandum, correspondence, etc.)
3. We perform our work in accordance with professional standards.
   a) Maintain strong quality control processes
   b) Maintain an active Practice Review Committee
   c) Participate in CCOLA Peer Reviews

4. We maintain our independence and objectivity.

   a) Provide clear policies and processes to guide our team in understanding and maintaining the independence and objectivity of our Office

Measures

The following key measures will be used to report on our results for the Organization perspective:

- Employee time is used consistent with our Business and Financial Plan
- Our work is reported by established deadlines and within the planned costs set out in our approved Business and Financial Plan
- Positive CCOLA Peer Reviews on our work
- Positive ICAS Practice Inspection Reports on our work
- The audit opinions on our public performance reports are unqualified (i.e., our financial statements, our compliance with *The Provincial Auditor Act*, the adequacy of our financial controls, and the reliability of key non-financial performance indicators)
- Proportion of time spent on performance work increases year over year toward our target of 20% of available audit hours
- Members of the Legislative Assembly have confidence in our independence

C. *People, Learning, and Development*

Goal

Be an employer of choice who develops and sustains leading expertise and knowledge within the context of a flexible and healthy workplace.

Objectives and Supporting Strategies

1. Ensure we have the right balance of skills, knowledge, and expertise to effectively deliver our products and services to our stakeholders.

    a) Renew the performance development system based on competencies and link it to career plans and the Office's strategic plan

    b) Maintain relevant skills and knowledge in various financial reporting frameworks

    c) Maintain specialist knowledge in the many diverse and complex businesses the government manages (e.g., environment, health, information technology, pensions, insurance)

    d) Recruit individuals with MPAs/MBAs and/or with senior public sector experience

    e) Supplement the Office's knowledge and expertise by contracting individuals with applicable subject matter expertise

    f) Support training and development opportunities

2. Structure audit teams and the assignment of resources consistent with effective service to stakeholders.

    a) Prepare audit resource plans based on our risks and the risks faced by our stakeholders

    b) Assign audit team members to provide a suitable mix of skills and levels of expertise

    c) Assign audit team members consistent with stakeholder needs and with consideration of employee career plans

3. Maintain our status and abilities as a training office for legislative auditors.

    a) Use a broad-based training curriculum that effectively develops legislative auditors

    b) Provide audit team members with experience completing performance audits

    c) Further develop expertise in performance auditing

    d) Support the development of career plans for employees who have completed their professional designation/certification

    e) Support secondments within the legislative audit community

4. Continually improve our work environment.

    a) Provide stimulating work opportunities that challenge employees

    b) Maintain a safe, positive, and healthy workplace that supports healthy choices and lifestyles

    c) Provide flexibility to employees to balance work, personal, and community commitments

    d) Embrace diversity in the workplace

    e) Provide mentoring and coaching

    f) Pay our employees competitively based on market conditions

    g) Support an employee recognition program and the provision of long-term service awards

5. Be an acknowledged contributor to Canadian and International activities that support and advance public sector auditing.

    a) Assist in the development of good governance and public sector auditing in North America and developing countries

6. Proactively manage succession to provide stability and opportunity.

    a) Formalize and implement a succession plan for senior management positions

Measures

The following key measures will be used to report on our results for the People, Learning, and Development perspective:

- Our annual office culture survey indicates a positive working environment
- Students successfully obtain their professional designations
- Training in the office averages a minimum of 8% of available hours
- Our auditor composition includes at least 15% of professionals having a non-accounting designation or a designation in addition to an accounting designation
- Career plans are in place for individuals who have completed their professional designation/certificate

D. Resources

Goal

Provide relevant, reliable, and timely products and services at a reasonable cost.

Objectives and Supporting Strategies

1. Our Stakeholders understand and value what we do.
    a) Seek and monitor the views of our stakeholders on our plans and performance
    b) Maintain support for our recommendations
    c) Assess and report on the status of our recommendations
2. We have the resources to access the competencies necessary to respond to the risks faced by our stakeholders.
    a) Obtain Public Accounts Committee support for appropriate resources to effectively serve our stakeholders
3. Continuously improve the efficiency of our service delivery.
    a) Search for and share efficiencies within the Office
    b) Acquire quality goods and services at the best prices
    c) Monitor and compare information about costs of similar service providers
4. Use our knowledge to influence agencies and drive lasting improvement in public services.
    a) Establish an external Advisory Committee to the Provincial Auditor

Measures

The following key measures will be used to report on our outcomes for the resources perspective:

- Our Business and Financial Plan is approved by the Public Accounts Committee
- Our work is reported by established deadlines and within the planned costs set out in our Business and Financial Plan
- The Standing Committees on Public Accounts and Crown and Central Agencies accept 90% of our recommendations

E. *Public and Social*

Goal

Raise awareness of the Office of the Provincial Auditor as an accessible and independent office serving the Legislature and the people of Saskatchewan.

Objectives and Supporting Strategies

1. Communicate in a clear, accessible, and timely manner to enhance the public's awareness of the value of the work completed by the Office.

    a) Develop and implement communications plans

    b) Improve the appearance, accessibility, and availability of information on the Office's website

    c) Evaluate the potential use of social media tools as a means to communicate directly with the public

    d) Ensure our public reporting is clear and timely

    e) Support the Office's involvement in charities and related fundraising events

2. Support legislators to make effective use of our Office.

    a) Support the Legislative Committees in their scrutiny role

    b) Engage Members of the Legislative Assembly by providing them with an orientation and other information about our Office

3. Advance our professional relationship with public sector and professional organizations.

    a) Improve the awareness and understanding of our Office

    b) Establish relationships with the academic and research communities

    c) Establish and/or maintain relationships with agencies, boards, and audit committees

4. Support the development and sharing of best practices in our professions.

    a) Actively participate and maintain leadership roles on provincial and national committees (e.g., CCOLA, CICA, ICAS, IIA, CMA)

    b) Work collaboratively with other provinces through CCOLA

    c) Monitor the assurance and performance reports of other jurisdictions to identify best practices

Measures

The following key measures will be used to report on our outcomes for the Public and Social perspective:

- Members of Legislative Assembly have confidence in the independent assurance work of the Office
- Public awareness of our Office
- Positive trend in the number of visits to the Office's website and the number of reports downloaded
- Leadership roles held by members of the Office on relevant key provincial and national committees

Glossary of Terms

Agency – an entity of Government accountable for public money.

Alternative Financing Arrangements and Structures – sources of funds and structures for financing public infrastructure or public capital that are non-traditional in nature.

Alternative Service Delivery Models – non-traditional forms of government service delivery that could include agencies, public-private partnerships, outsourcing, privatization, or other types of service agreements.

Applications – electronic applications hosted on handheld wireless devices.

CICA – the Canadian Institute of Chartered Accountants represents Canada's Chartered Accountant profession both nationally and internationally.

CCOLA – the Canadian Council of Legislative Auditors is an organization devoted to sharing information and supporting the continued development of auditing methodology, practices, and professional development in legislative auditing.

Cloud Computing – a model for delivering information technology services in which resources are retrieved from the internet through web-based tools and applications.

Crown and Central Agencies Standing Committee – the Standing Committee on Crown and Central Agencies considers matters relating to the Crown Investments Corporation of Saskatchewan and its subsidiaries, central government agencies, liquor, gaming, and all other revenue related agencies and entities.

Financial Reporting Framework – is the set of criteria that management uses to prepare a set of financial statements (e.g., public sector accounting standards, international financial reporting standards)

GAAP – Generally Accepted Accounting Principles refer to the standard framework of guidelines for financial accounting. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing, and in the preparation of financial statements.

General Revenue Fund – is the main fund that receives government revenue. The GRF is available for appropriation by the Legislative Assembly for the public services of Saskatchewan. The GRF financial statements account for transactions of the GRF.

Goal – a general statement of desired results to be achieved over an unspecified period of time.

ICAS – the Institute of Chartered Accountants of Saskatchewan whose mission is to foster public confidence in the CA profession by acting in the public interest and helping its members excel.

IIA – the Institute of Internal Auditors (IIA) is an international professional association recognized as the internal audit profession's leader in certification, education, research, and technical guidance.

International Auditing Assurance Standards – standards set by the International Auditing and Assurance Standards Board (IAASB). IAASB is an independent standard-setting body that serves the public interest by setting high-quality international standards for auditing, quality control, review, other assurance, and related services.

MBA – refers to the degree Master of Business Administration.

MPA – refers to the degree Master of Public Administration.

Measure – a factor chosen to monitor success in achieving objectives.

Mission – the broad, long-term purpose of an agency and its primary focus including the stakeholders to be served.

Multi-Agency Delivery – the collaboration of two or more agencies accountable for public money and the delivery of public services.

Non-Governmental Agency Delivery – a non-public entity that is accountable for public money and the delivery of public services.

Objective – a measurable, time-defined result to be achieved that leads to the achievement of each goal.

Performance Audit – is a fair and impartial assessment that provides objective information about the performance of programs, activities, and functions, and when applicable, specifies about where improvements can be made and the likely impact of those improvements.

Public Accounts Committee – the Standing Committee on Public Accounts scrutinizes the fiscal management, administration, and stewardship of public assets by the Government of Saskatchewan.

Public-Private Partnership – describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. These arrangements are sometimes referred to as PPP, P3, or 3P.

Strategy – the approaches that can be taken to meet objectives and achieve goals.

Summary Financial Statements – provide the consolidated financial position of the Government of Saskatchewan.

Vision – a brief description of the ideal state.